

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGR-05 STR-04 AID-05 CEA-01

CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07 NEA-10

NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04

SIL-01 OMB-01 /093 W

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R 111423Z MAY 76

FM USMISION GENEVA

TO SECSTATE WASHDC 9851

INFO ALL EC CAPITALS 52

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PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: ETRD EEC FR

SUBJECT: POULTRY/COGNAC

REF: EC BRUSSELS 04538

1. WE UNDERSTAND FRENCH HAVE RECENTLY COMPLAINED THAT U.S. COGNAC PRICE BREAK AT \$17 PER GALLON IS TOO LOW AND THEY WOULD LIKE IT RAISED TO ABOUT \$25. IF THIS IS TRUE, NOT CLEAR TO US WHY ROLL-BACK OF PRICE BREAK FROM \$17 TO \$9 WOULD BE QUOTE EXTREMELY DAMAGING UNQUOTE TO FRENCH COMPETITIVE POSITION. WE LACK SUFFICIENT KNOWLEDGE OF COGNAC PRICING TO JUDGE THIS SITUATION.

2. IF FACTUAL SITUATION AFFECTING TRADE SUGGESTS ROLL-BACK FROM \$17 TO \$9 WOULD BE SERIOUSLY ADVERSE TO FRENCH INTERESTS, PERHAPS WE MAY INDEED HAVE SOME LEVERAGE. HOWEVER, WE ARE FRANKLY SKEPTICAL THAT THERE ARE ANY MEANINGFUL CONCESSIONS WE COULD OBTAIN FROM FRANCE AND THE EC IN THE AGRICULTURAL SECTOR. ANYTHING INVOLVING

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CAP OPERATIONS, WHICH OF COURSE INCLUDES POULTRY, SEEMS

TO US OUT OF THE QUESTION IN TERMS OF FRENCH ABILITY
TO DELIVER. LOOKING AT POSSIBLE AGRICULTURAL SECTORS
WITHIN LIMITED SCOPE OF FRENCH NATIONAL JURISDICTION,
WE ALSO DO NOT SEE MUCH SCOPE; VIX.: WE UNDERSTAND THERE
IS NO QUOTA THIS YEAR IN FRANCE ON DRIED PRUNES; THERE IS
A QUOTA ON PINEAPPLE BUT WE QUESTION WHETHER U.S. CAN
COMPETE. THERE IS A FRENCH QUOTA ON HORSEMEAT WHICH HAS
A MODERATELY RESTRICTIVE EFFECT.

3. RECOLLECTION OF MISSION AND MTN OFFICERS WHO WERE
ASSOCIATED WITH 24:6 NEGOTIATIONS IS THAT PRICE BREAK BY
U.S. IN 1974 WAS A UNILATERAL U.S. GOOD-WILL GESTURE
INTENDED TO FACILITATE THE CONCLUSION OF THE 24:6
NEGOTIATIONS BUT WAS NOT DIRECTLY RELATED TO ANY PRODUCT
ON WHICH WE SOUGHT 24:6 CONCESSIONS. THERE WAS, OF COURSE
AN INDIRECT LINK IN THE SENSE THAT U.S. INCREASED THE U.S.
TARIFF ON COGNAC AS PART OF THE US-EC QUOTE CHICKEN WAR
UNQUOTE, I.E., IN RETALIATION IN 1963 FOR EC SUBSTITUTION
OF AN IMPORT LEVY FOR A BOUND TARIFF ON CHICKENS. ABRAMS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POULTRY, TRADE COMPLAINTS, PRICES, ALCOHOLIC BEVERAGES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GENEVA03624
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760182-0540
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760569/aaaacgvy.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 EC BRUSSELS 4538
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2004 by CollinP0>; APPROVED <27 JUL 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POULTRY/COGNAC
TAGS: ETRD, EPAP, FR, US, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006